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The *Welsh Economic Review* is produced twice yearly, by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The aim of the *Review* is to provide an authoritative and objective analysis of the Welsh economy in a manner that promotes understanding and informs decision-making. The 'core' section of the *Review* is written by members of WERU, with feature articles contributed by academics or practitioners within or outside Wales. The *Review* is circulated widely within Wales, to both private and public sector organisations, including the education sector and the National Assembly.

Notes for Contributors

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

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Regional Prices

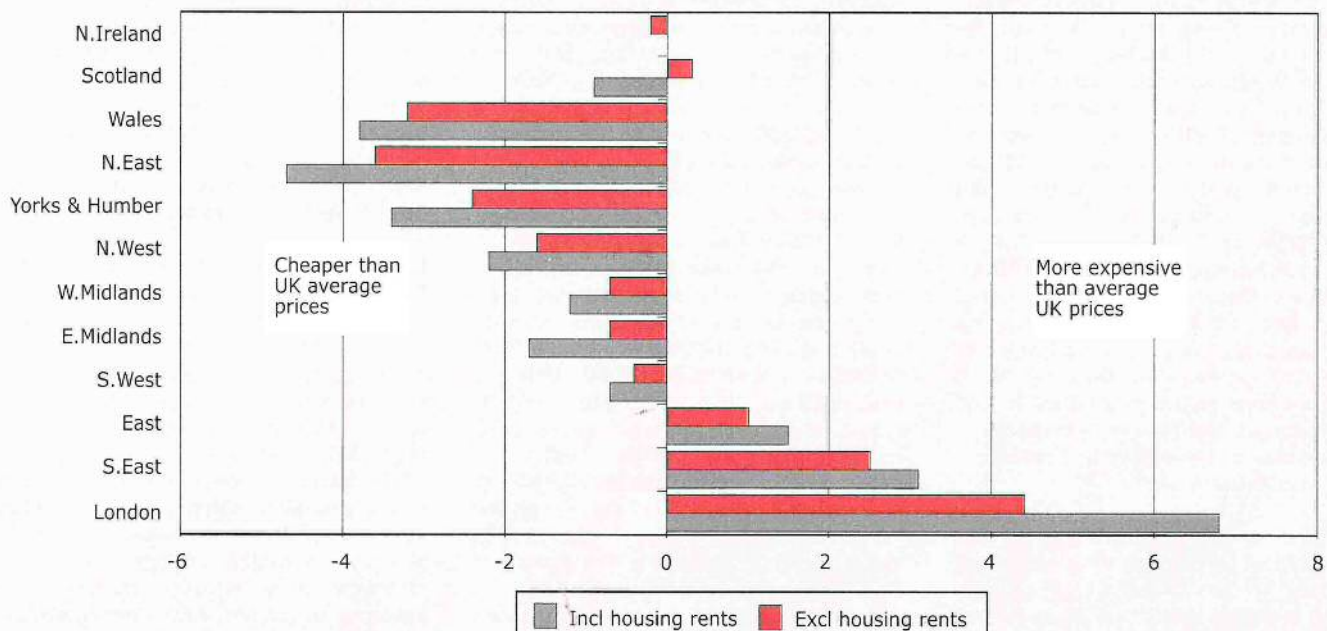
In the January 2002 edition of *Economic Trends* the Office for National Statistics (ONS) published an article "Price levels for London and the regions compared with the national average". This information was collected for ONS to inform the Eurostat/OECD purchasing power parity (PPP) programme. PPPs (rather than market exchange rates) are often used to adjust GDP estimates made in national currencies to enable international comparisons. Estimation of PPPs requires information on national average prices. In the UK PPP information is generally collected in the London area. This information is then adjusted to represent UK average prices using spatial conversion factors. This

latest regional data collection exercise will be used to estimate new spatial conversion factors (replacing the existing factors which related to 1995). This exercise has then provided ONS with an opportunity to produce (on a one-off basis) a broad indication of regional price variations. ONS have, however, pointed out that the regional price comparisons should be treated as indicative, and that small differences between regions are unlikely to be significant. The published data reports separate results for the prices of goods and for services, and then aggregates these into an overall total. Separate calculations are also presented which include or exclude housing rental prices.

Figure 2 presents summary results for the regions in 2000. The overall pattern is similar regardless of whether housing rents are included or excluded. London, the South East, and the East regions have the highest prices. All other regions (with the exception of Scotland's prices excluding housing rents) have prices below the UK average, with the North East and Wales having the lowest prices.

More information about PPPs, and the *Economic Trends* article on regional prices are available via www.statistics.gov.uk.

Figure 2: Regional Price Levels in 2000 Compared with the UK Average.
(a number greater than zero means that the region is more expensive than the UK average)



Source: Office for National Statistics